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**INVESTMENT MANAGEMENT AGREEMENT
(Institutional Client, Non-ERISA)**

Authority for California Cities Excess Liability (Client) hereby retains Chandler Asset Management, Inc. (Chandler) as Investment Adviser on the terms and conditions set forth herein.

1. **Term.** The term of this Agreement shall commence on June 1, 2006 and shall continue until this Agreement is terminated effective upon receipt of notice of termination in writing delivered by the terminating party.
2. **Fees.** Client shall compensate Chandler monthly an amount calculated on the average market value of Client's portfolio, including accrued interest, in accordance with the following schedule:

Assets Under Management	Annual Investment Management Fee
First \$20 million	0.12% of 1% (12 basis points)
If greater than \$20 million:	0.09 of 1% (9 basis points)

The fees expressed above do not include any custody fees that may be charged by Client's bank or other third party custodian.

Fees shall be prorated to the effective date of termination on the basis of actual days elapsed, and any unearned portion of prepaid fees shall be refunded. Client is not required to pay any start-up or closing fees; there are no penalty fees.

Fees shall be deducted monthly in arrears from Client's custody account.

3. **Client Representative.** In its capacity as investment manager, Chandler shall receive all instructions, directions and other communications on Client's behalf respecting Client's account from the ACCEL's elected Treasurer (Representative). Chandler is hereby authorized to rely and act upon all such instructions, directions and communications from such Representative or any agent of such Representative.
4. **Investment Policy.** In investing and reinvesting Client's assets, Chandler shall comply with Client's Investment Policy, which is attached hereto as Exhibit A.
5. **Authority of Chandler.** Chandler is hereby granted full discretion to invest and reinvest all assets under its management in any type of security it deems appropriate, subject to the instructions given or guidelines set by Representative.
6. **Notices.** Any notice shall be delivered to Client at the following address:

Authority for California Cities Excess Liability
c/o Driver Alliant Insurance Services, Inc.
600 Montgomery Street, 9th Floor
San Francisco, CA 94111
Attention: Mike Simmons

and to Chandler at the following address:

9255 Towne Centre Drive, Suite 350
San Diego, CA 92121
Attention: Kay Chandler

7. **Proxy Voting.** Chandler will vote proxies on behalf of client unless otherwise instructed. Chandler has adopted and implemented written policies and procedures and will provide client with a description of the proxy voting procedures upon request. Chandler will provide information regarding how clients' proxies were voted upon request. To request proxy policies or other information, please contact us by mail at the address provided, by calling 800-317-4747 or by emailing your request to info@chandlerasset.com.
8. **Custody of Securities and Funds.** Chandler shall not have custody or possession of the funds or securities that Client has placed under its management. Client may appoint a custodian to take and have possession of its assets.
9. **Investment Advice.** Client recognizes that the opinions, recommendations and actions of Chandler will be based on information deemed by it to be reliable, but not guaranteed to or by it. Provided that Chandler acts in good faith, Client agrees that Chandler will not in any way be liable for any error in judgment or for any act or omission, except as may otherwise be provided for under the Federal Securities laws or other applicable laws.
10. **Payment of Commissions.** Chandler may place buy and sell orders with or through such brokers or dealers as it may select. It is the policy and practice of Chandler to strive for the best price and execution and for commission and discounts which are competitive in relation to the value of the transaction and which comply with Section 28(e) of the Securities and Exchange Act. Nevertheless, it is understood that Chandler may pay a commission on transactions in excess of the amount another broker or dealer may charge, and that Chandler makes no warranty or representation regarding commissions paid on transactions hereunder.
11. **Other Clients.** It is further understood that Chandler may be acting in a similar capacity for other institutional and individual clients, and that investments and reinvestments for client's portfolio may differ from those made or recommended with respect to other accounts and clients even though the investment objectives may be the same or similar. Accordingly, it is agreed that Chandler will have no obligation to purchase or sell for Client's account any securities which it may purchase or sell for other clients.

12. **No Assignment.** This Agreement may not be assigned by Chandler without Client's consent, but may be amended at any time by mutual agreement in writing.
13. **Governing Law.** It is understood that this Agreement shall be governed by and construed under and in accordance with the laws of the State of California.
14. **Severability.** Any provision of this Agreement which is prohibited or unenforceable shall be ineffective only to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof.
15. **Receipt of Brochure.** Client has received the disclosure statement or "brochure" required to be delivered pursuant to Rule 204-3 of the Investment Advisers Act of 1940 (Brochure). Client understands that it has the right to terminate this Agreement without penalty within five (5) days after entering into this Agreement.
16. **Insurance and Privacy Policy.** Client will receive prior to commencement of services a copy of Chandler's Certificate of Professional Liability Insurance indicating limits of \$10,000,000 and a Certificate of Fidelity Coverage indicating limits of \$1,000,000 as well as the Privacy Policy. Chandler shall provide a copy of each annually.
17. **Arbitration.** It is agreed that any controversy between the Firm and the Client arising out of Firm business or this Agreement, shall be submitted to arbitration conducted under the provisions of the commercial arbitration rules of the provisions of the California Arbitration Act, CCP section 1280, et seq. Arbitration must be commenced by service upon the other party of a written demand for arbitration or a written notice of intention to arbitrate, therein electing the arbitration tribunal. In the event the Client does not make such election within five (5) days of such demand or notice, then the Client authorizes the Firm to do so on the Client's behalf. Judgment upon any award rendered by the arbitrators shall be final and may be entered in any court having jurisdiction thereof. This clause does not constitute a waiver of any right including the right to choose the forum, whether arbitration or adjudication, in which to seek resolution of disputes.

Tom Vance, ACCEL President

By: Thomas L Vance 4/20/06
Date

Chandler Asset Management, Inc.,
a California Corporation

By: Martin Cassell for Kay Chandler 5/16/06
Kay Chandler, CFA Martin Cassell, CFA Date
President Executive Vice President